



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

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New Zealand

Fresh Deciduous Fruit

Semi-Annual

2002

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Report Highlights: Total apple production in the 2001-02 season (October - September) increased 15 percent and apple exports will rise to 325,000 MT, up 29 percent over a year earlier. Pear production increased only moderately, but seasonal export movement will total 10,500 MT, up 133 percent. Significant increases in apple and pear export shipments are responding to high export grade packouts and a reduced apple processing volume.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Wellington [NZ1], NZ

SECTION I: SITUATION & OUTLOOK

Favorable growing conditions provided a good pipfruit harvest in all growing zones, with the best growing conditions in the Hawkes Bay region and Gisborne. Overall, the apple crop was considered very good, with fruit finish and size the best seen in many years. The total crop has been larger than expected and sizes of most varieties met the preferred profile.

Post has revised its estimate of apple exports upward significantly in this report. Total export movement is now forecast at 18 million TCE's (Tray Carton Equivalents, equal to 18 kg) or 325,000 MT. Processed apple volumes are down 24.7 percent compared with the 2001-02 season. Exports of concentrated apple juice are expected to decrease 9.7 percent to 8,400 MT, 3,100 MT below our previous forecast. New Zealand's apple growing area has remained stable at approximately 13,000 hectares, with some growers taking out older plantings and replacing them with new Royal Gala trees.

Total pear production this year increased 2.9 percent compared with last season. Exports will increase to approximately 10,500 MT, up 133 percent over the previous season and 5,000 MT above the previous forecast due to a high export packout.

With Enza losing its statutory monopoly power, a large number of exporters have begun to directly export apples and pears. While Enza still controls more than 50 percent of all apple exports, 80 to 85 percent of all export business is now conducted through 6 or 7 exporters. The total number of exporters involved in oversea sales this year has reached 40 to 45 firms, with many smaller exporters serving geographic niche markets (e.g. Pacific Rim countries). Some industry sources anticipate that some of this year's relatively new apple and pear exporters may not be active next year. The industry experienced considerable coordination problems this season resulting from the large number of new exporters. A voluntary group consisting of growers, packers, and exporters recently formed to ensure better industry coordination during the upcoming export season.

SECTION II: STATISTICAL TABLES

PS&D TABLE - FRESH APPLES

PSD Table						
Country	New Zealand					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	12100	12100	13500	13500	13000	13000
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	513705	513705	376000	376000	429000	432500
Non-Comm. Production	40000	40000	29000	29000	33000	32500
TOTAL Production	553705	553705	405000	405000	462000	465000
TOTAL Imports	95	95	23	23	80	80
TOTAL SUPPLY	553800	553800	405023	405023	462080	465080
Domestic Fresh Consump	70000	70000	60000	60000	54000	70080
Exports, Fresh Only	333000	333000	252000	252000	288000	325000
For Processing	150800	150800	93023	93023	120080	70000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	553800	553800	405023	405023	462080	465080

PS&D TABLE - CONCENTRATED APPLE JUICE

PSD Table						
Country	New Zealand					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Deliv. To Processors	150800	150800	93023	93023	120080	70000
Beginning Stocks	0	0	0	0	0	0
Production	19947	19947	16000	16000	15600	11900
Imports	400	400	400	400	400	1000
TOTAL SUPPLY	20347	20347	16400	16400	16000	12900
Exports	11537	11537	9300	9300	11500	8400
Domestic Consumption	8810	8810	7100	7100	4500	4500
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	20347	20347	16400	16400	16000	12900

PS&D TABLE - FRESH PEARS

PSD Table						
Country	New Zealand					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	995	995	995	995	995	995
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	26045	26045	18856	18856	19400	19400
Non-Comm. Production	6510	6510	4400	4400	4400	4400
TOTAL Production	32555	32555	23256	23256	23800	23800
TOTAL Imports	1400	1400	1400	1400	1400	1400
TOTAL SUPPLY	33955	33955	24656	24656	25200	25200
Domestic Fresh Consump	20905	20905	15606	15606	15150	11200
Exports, Fresh Only	6500	6500	4500	4500	5500	10500
For Processing	6550	6550	4550	4550	4550	3500
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	33955	33955	24656	24656	25200	25200

TRADE MATRIX

NEW ZEALAND APPLE EXPORTS				
(Calendar Years, MT)				
Destination	1999	2000	2001	2002*YTD
Other EU	129,954	115,267	78,224	84,857
United Kingdom	89,936	92,343	76,499	77,309
United States	71,026	78,152	55,782	56,942
Germany	3,756	4,055	18,354	15,184
Hong Kong	13,690	21,246	14,374	7,194
Malaysia	5,513	9,368	7,908	10,080
Singapore	11,731	10,008	7,109	7,559
Taiwan	9,069	9,419	6,594	13,163
Netherlands	6,821	2,539	4,310	21,099
Indonesia	978	5,106	3,575	3,513
Thailand	1,935	2,674	2,908	1,677
Russia	116	152	2,902	188
United Arab Emirates	1,041	1,680	2,287	3,682
Italy	1,123	200	2,064	841
India	294	1,034	1,966	2,657
Saudi Arabia	818	1,624	1,427	747
Belgium	175	2,005	886	9,102
China	333	742	885	513
Spain	1,403	2,036	792	652
Norway	158	58	739	1,932
Philippines	2,576	2,592	731	0
Other	9,699	11,535	5,105	3,670
TOTAL	362,142	373,832	295,422	322,558
* YTD (Jan - Jun)				
Source: Statistics New Zealand				

TRADE MATRIX

NEW ZEALAND PEAR EXPORTS				
(Calendar Years, MT)				
Destination	1999	2000	2001	2002*YTD
United States	2,829	6,991	2,204	5,024
United Kingdom	2,188	3,053	1,260	2,530
Destination Unknown EU	1,706	1,709	358	1,074
Germany	10	0	42	52
Netherlands	75	76	29	983
French Polynesia	87	11	14	21
Wallis & Futuna Islands	13	24	13	12
Papua New Guinea	2	2	9	9
Tonga	30	3	7	5
Hong Kong	0	0	4	64
Other	124	12	13	582
TOTAL	7,063	11,881	3,952	10,355
* YTD (Jan - Jun)				
Source: Statistics New Zealand				

SECTION III: SUPPLY, DEMAND, POLICY & MARKETING

SUPPLY

Good growing conditions have led to a good pipfruit harvest in all major growing areas. A cold August, very warm September and October, followed by a relatively cool cloudy summer has produced one of the better apple growing years in the Hawkes Bay and Gisborne producing an apple crop with excellent color and size. In Nelson the season has been average and wet, but pest and disease levels were low. In Central Otago growers were also picking good-quality fruit. The apple crop was considered very good overall, with fruit finish and size the best seen in many years. The total crop has been larger than expected and sizes in most varieties met the preferred profile.

Total apple production is forecast to increase only slightly (0.8 percent) over the previous forecast. However, export apple production is forecast to reach 18 million TCE's (Tray Carton Equivalents, equal to 18 kg) or 325,000 MT, which is significantly above (13 percent) the previous forecast, due to a higher than expected export packout. Acreage has remained stable at approximately 13,000 hectares, with some growers taking out older plantings and replacing them with new Royal Gala trees. Higher prices for apple exports last season are likely to be achieved again for in the current season. This will see the acreage in apple trees remain at similar levels.

Processed apple volumes are down 24.7 percent compared with the 2001-02 season as a high export packout reduces the amount of lower quality apples for processing. Exports of concentrated apple juice is expected to decrease by 9.7 percent to 8,400 MT, 3,100 MT below the previous forecast due to lower apple processing volumes.

Total pear production has increased by 2.9 percent compared with last season and is in line with the previous forecast. Exports will increase to approximately 10,500 MT up 133 percent over the previous season and 5,000 MT above the previous forecast, due to higher export packout.

DEMAND

Domestic consumption

New Zealand consumers rank among the highest in the world in terms of apple consumption. Per capita New Zealanders consume 18.5 kg, behind Italy (22.2 kg) and Turkey (36.4 kg), but ahead of the UK (10.4 kg), Australia (8.7 kg), Japan (5.3 kg), and Malaysia (2.9 kg). New Zealanders spent every year approximately NZ\$ 110 million (US\$ 52 million) on bananas, NZ\$ 60 million (US\$ 28 million) on apples, followed by oranges (NZ\$ 30 million or US\$ 14 million), Mandarins (NZ\$ 20 million or US\$ 9.4 million), pears and nectarines (each NZ\$ 18 million or US\$ 8.5 million), and kiwifruit, strawberries, and avocados (each NZ\$ 10 million or US\$ 4.7 million), and peaches and apricots (each NZ\$ 8 million or US\$ 3.8 million).

POLICY

Deregulation causes proliferation of apple exporters

After the deregulation of the New Zealand apple industry and with Enza losing its statutory export monopoly, a large number of companies have started to export apples. While Enza has retained more than half of all apple exports, some 6 or 7 exporters now account for 80 to 85 percent of all apple exports. The total number of exporters this year is between 40 to 45.

Enza retained more than 50 percent of apple exports (10-12 million TCEs), Mr. Apple: 1.4 million TCEs, D M Palmer, Fresh New Zealand, and Freshco will have exported 1 million TCEs each. Other exporters include Freshmax, Turners & Growers, New Zealand Fresh Fruit Export Company, Carter and Spencer, Fern Ridge Ltd, Le Fresh Int NZ, Safe International Fruit Exporters Ltd, and Lai Exporters. Industry officials expect that this season will be followed by some industry consolidation and a reduction of exporters

Formation of new pipfruit industry group – APNZ

The apple and pear industry experienced considerable coordination and teething problems caused by the large number of new and sometimes inexperienced exporters operating this season. Some growers were also not helping the situation by putting "a dollar each way" and committing the same fruit to more than one exporter. According to reports, at least twice the actual volume of fruit produced nationally was promised to various exporters, which made planning for exporters and logistics providers difficult. This added to the difficulties due to inaccurate size profiles and crop volume estimates.

To overcome these problems growers and exporters have formed a new industry group, APNZ, consisting of growers, packers, and exporters. The group will meet regularly to provide a pre-season crop estimate (December/January) and report on picking and export progress (February/March), and furnish pre-season export market/volume estimates. According to one report, for example, lack of market coordination and competition among NZ exporters in Taiwan had led to a price degradation of between NZ\$ 3 - 4 (US\$ 1.41 - 1.88) per carton.

HortResearch suffers government funding cut

HortResearch, New Zealand's premier pipfruit researcher, announced that reduced funding from the Foundation for Research, Science and Technology (FRST) would see the end for several study programs and significantly reduce resources available for research on apples and pears. FRST, which is charged with allocating government funding to Crown Research Institutes, has reduced HortResearch funding by NZ\$ 5 million (US\$ 2.4 million) across all activities. One million dollars will be taken directly from apple and pear research. HortResearch stated that the funding cuts reflect the Government's shifting priorities away from funding in primary production.

HortResearch will try to attract private sector investment, which over the past decade has, at best, kept pace with inflation and at worst, remained static. However, if no industry co-funding can be attracted it is likely that staff numbers will be reduced and entire facilities be closed down. HortResearch indicated

that it was giving priority to programs that were strategically important to the industry to ensure continuation of relevant short and long-term projects. Varietal research, which has been credited with providing NZ growers with a commercial advantage over Northern Hemisphere competitors – such as the recent release of the "Jazz" apple variety – is said not to be safe from cut-backs in funding. Apple and pear exporter Enza is believed to continue to provide about NZ\$ 1 million annually towards commercializing advanced selections. Those funds are not aimed at new cultivar development, though. Thus HortResearch is now looking for NZ interests to be partners in global tenders for apple breeding research to fill the NZ\$ 1.5 million (US\$ 0.71 million) funding gap for plant and apple breeding. HortResearch believes this to be crucial if New Zealand wants to retain access to new cultivars.

Under the proposed regime New Zealand interests would co-own new varieties with the ability to commercially exploit them. Pipfruit New Zealand also recognizes that New Zealand is too small a market to justify the sale of science in New Zealand alone, which means that information will have to be sold worldwide. Whether growers can agree to continue funding through, for example, a levy in order to ensure a continued breeding program remains to be seen. However, given that HortResearch is a taxpayer funded organization it is likely that any global tenders to attract money for breeding research could become a contentious issue for HortResearch.

MARKETING

Enza introduces new apple, "Jazz"

Enza has introduced a new apple variety, "Jazz", over which it has the sole production and marketing rights. The new variety was developed by HortResearch. By the end of the season Enza indicates that it will have exported approximately 6,000 TCEs. The response to the new fruit has been exceptional, especially in the European market. There are about 150,000 Jazz trees planted and Enza expects that export volumes will increase to 300,000 + TCEs within the next few seasons. Grower returns per carton were nearly twice the variety weighted return in 2001.